

SELECT BOARD BUDGET RECOMMENDATIONS

REVISED MAY 17, 2006

Duties of the Select Board in the budget process:

“The Select Board shall initiate policy proposals as well as consider and make decisions on policy recommendations brought to it. It shall make guidelines for the manager in preparation of the annual budget proposal. It shall review and make recommendations on the proposed annual budget.” (*Amherst Town Government Act, section 3.21*)

The Financial Situation:

As the Select Board and the Finance Committee will present to you, Amherst faces a very serious revenue shortfall for fiscal year 2007. While State Aid has increased for the past two years, it will only reach the level it was in 2001.

We entered the budget process with a projected deficit of \$4.7 million dollars, when using the budgets presented by our Town Manager, Barry Del Castilho, our School Superintendent, Jere Hochman, and our Library Director, Bonnie Isman with the town's share of that deficit projected to be \$1,430,421. The rest of the deficit includes deficits for the Library of \$134,539, Amherst Elementary Schools of \$1,957,112 and the Amherst-Pelham Regional School District of \$1,261,019. The Regional Budget is complicated by the use of formulas for funding that will be explained in more detail by the Finance Committee. The Select Board, by a 4 - 1 vote, recommends the use of \$1,000,000 from our reserves (Free Cash + Stabilization). Using these reserves reduced the Town projected deficit to \$821,440, the Elementary School deficit to \$1,292,706, the Regional deficit to \$1,532,816 (assuming use of the old regional agreement assessment formula) and the Library deficit to \$65,348 in comparison to the revised Finance Committee guidelines issued in February. The Finance Committee report will go into greater detail on how this all came about.

In this report, the Select Board explains the budget we have proposed for fiscal year 2007. The Select Board spent many hours in hearings and discussions and the budget has gone through many iterations since January of this year. We have arrived at a budget which spreads cuts widely, fairly, and therefore as sparingly as possible. At the same time we propose raising tens of thousands of dollars in increased revenues in several areas of town government to minimize the number of cuts that would otherwise be required. In three or six months, we plan to review these proposed increases in revenue to assure that the Town is on course to meet revenue needs and stay within budget expectations at year's end. If anticipated revenue increases are not up to needed levels, budget corrections will be made then. In this report we will endeavor to explain the differences between our recommendations and those of the Finance Committee.

Article 26: FY 2007 Town Operating Budget

GENERAL GOVERNMENT:

This is the second largest function, after Public Safety, included in the Town's operating budget. The Select Board voted unanimously to recommend \$5,304,392 to fund this area of government, a reduction of \$180,919 from the Town Manager's proposed budget. Cuts included positions in the Finance Department (\$20,321 plus \$10,000 for benefits budgeted in the Human Resources budget), in the Town Clerk's Office (\$15,378 plus \$10,000 for benefits), in Legal Services (\$13,232), in funding Human Resources benefits (\$114,388), and in Facilities Maintenance (\$21,600). It will be important to review how support staff functions throughout Town Hall to compensate for the losses in the Finance Department and the Town Clerk's Office.

PUBLIC SAFETY:

The Public Safety Budget is comprised of 5 areas: Police Facility, Police, Fire/EMS, Communications Center and Animal Welfare.

The Public Safety function continues to be the largest segment of the Town's Operating Budget. Former Town Manager Barry Del Castilho recommended an increase of \$808,914, or 8.3%, in the Public Safety budget—including personnel services, operating expenses and employee benefits. This included the addition of five police officers, two dispatchers for the communications center and one full time custodian. These 8 additions accounted for \$301,891 of the budget increase (37%). The rest of the increase is due to cost of living increases of 3.5%, increases in benefits, annual step increases, and increases in operating expenses. It is the firm belief of the Select Board, that in a year with such a large projected deficit, we should not be adding new Town staff requiring tax support.

Our recommendations are as follows:

Police Facility: Do not add a custodian, for a net savings from the proposed budget, of \$23,651. This figure is less than that of a full time position due to the need to budget for overtime.

Police: Do not add five additional officers, saving \$201,580. In addition, we propose freezing one position via attrition on the Police force, saving \$30,316 (plus \$10,000 for benefits). This cut in the Police force amounts to 0.8% of their total operating budget including benefits. This cut of 0.8% is much smaller than the cuts being proposed for other departments.

Fire/EMS: We propose cutting the overtime budget of \$309,151 by \$42,000. This level of cut is doable and will not present a danger to the department or to the town.

Communications Center: In keeping with our plan not to add new positions to the budget in FY 07, we originally voted not to fund the two new dispatch positions Mr. Del Castilho requested. At the same time, we asked Mr. Musante to investigate the feasibility of funding one of the two positions through the use of Ambulance Receipts. He and Fire Chief Keith Hoyle concluded that this was possible, so we recommend funding one new dispatch position with Ambulance Receipts, therefore, no new taxation will be required, saving \$76,660 (including benefits).

Animal Welfare: We are not recommending any cuts in this position. Cutting Animal Welfare would only require more expense for additional police service, and the Town would lose the professional abilities of an experienced animal welfare agent.

The final Public Safety budget recommended by the Select Board is \$7,970,401, plus benefits. All the funding for employee benefits is included in the Human Resources budget, totaling \$2.2 million.

PUBLIC WORKS:

The Select Board voted unanimously to support the budget in the amount of \$1,757,544. The Junior Engineer position is funded equally by the Water Fund, Sewer Fund, and Public Works. The position was originally on the Town Manager's cut list. It was later taken off the cut list because permit fees related to work administered by the Junior Engineer were increased. In addition, the Select Board noted that the Public Works Department has not had the double digit growth in personnel as in other Town departments in the last two decades. The Department has undertaken many projects that are normally done by contractors, such as the Downtown sidewalk reconstruction. The savings to the Town is appreciated. In order to allow the Department to continue these projects, the Select Board recommends no budget cut at this time.

PLANNING/CONSERVATION/INSPECTION:

The Select Board unanimously recommends the proposed budget of \$898,047. Because a substantial portion of this budget is from non-tax sources (nearly all of the inspections budget comes from permit filing fees, for example), and a larger portion of the other two departments' revenue could also be raised in that fashion, cutting personnel here was not expected to provide substantial tax savings.

COMMUNITY SERVICES:

Community Services include Public Health, Senior Center, Community Services, Veteran's Services & Benefits, Leisure Services & Supplemental Education, Pools, Town Commemorations, and the Cherry Hill Golf Course.

Public Health: The Select Board recommends eliminating the ½ time clerical support position for the Inspection Services, saving \$14,805 (plus \$10,000 for benefits). We maintain that the Department with eight professional positions can be supported by one clerical support staff. This is one of many difficult decisions we have made.

We also recommend reducing tax support for the position of Outreach Worker by 25%. While we feel this position is vital to the health of many of our citizens, the Health Director has told us that she has been able to obtain grants in the past that could make up for this loss in tax support, saving \$10,000. Ms. Bodhi, the director, has also determined that the Health Department will be able to increase fee revenues by \$16,000.

Senior Center: The Select Board is recommending that the position of Program Coordinator be reduced to ¾ time. The Senior Center is one of the few departments in Amherst that has not seen budget increases in many years; in fact, their budget has been reduced over the years. The Senior Center's service load has not decreased; it has increased yearly as the number of elders in need has increased. Senior Center staff has done a remarkable job of enlisting volunteers who donate thousands of hours of service every year, allowing the Senior Center budget to remain level. Even so, the Select Board decided to pass some of the cuts on to this department, saving \$12,000.

Community Services: This department consists of one full time staff person. We approve of the decision to save taxes by using \$20,000 in grant money to fund part of this position. The major portion of this department's operating budget is Human Service Agency funding. Last year's funding was \$140,995. This year the Finance Committee is recommending this be cut by \$70,000. The Select Board is recommending the cut be limited to \$5000, or 3.5%. Funding for social services is decreasing at the federal and state levels. To further cut these needed services is not in the best interest of the public. Cuts in services to children will result in more children showing up at school with unmet needs, placing an increased burden on school staff who must try their best with dwindling resources. Cuts in services to adults will result in more police intervention in such matters as battering and other domestic violence. We strongly oppose the 50% cut in funding recommended by the Finance Committee.

Veteran's Services & Benefits: State mandate requires the Town to maintain present funding for this department of one person. The total cost of this service is \$163,946, with \$58,000 of that coming from State reimbursements and the rest, \$105,946 coming from taxation.

LSSE: Budget analysis done by the director of LSSE, Linda Chalfant and Mr. Musante, persuaded the Select Board not to recommend any cuts in LSSE personnel. Through a restructuring of the fees schedules, Ms. Chalfant asserts that LSSE will be able to raise an additional \$80,000 in revenue in FY 07. This requires that all present positions be kept. Fewer positions would erode this restructuring, resulting in, at best, no increase in their budget, and possibly a loss. In addition, Ms. Chalfant projects an increase of \$16,000 in Middle School pool receipts to fund the Aquatics Center program from higher fees and increased program offerings during the school day.

Municipal Pools: The Select Board recommends against closing any pools at this time and supports the recommended \$176,471 budget. We feel that the savings, which would not be large, would not make up for the losses hundreds of children would suffer as a result.

Town Commemorations: An \$875 budget provides funds for Memorial Day activities. No change is recommended.

Cherry Hill Golf Course: The Select Board agrees with the Town Manager's recommendation that the golf course no longer be an enterprise fund, but instead become a department within Community Services. Mr. Musante projects that the combination of increased fees and reduced costs will allow the golf course to be self-supporting. We are aware that Cherry Hill has cost taxpayers many hundreds of thousands of dollars and we recognize that there are those who do not believe the course can be self-supporting. But we estimate that closing this course will cost the town more money and will likely result in the course never reopening again. With this in mind, the Select

Board recommends keeping Cherry Hill Golf Course open. If during the course of the year the Town Manager and the Select Board determine that Cherry Hill is under-performing expectations, we will reconsider what needs to be done, and take appropriate action.

With all these considerations in mind, Article 39, the petition article to put Cherry Hill out to bid to be taken over by the private sector should be reconsidered as a possible way to keep the course open without further tax support. This has been tried before, but we can and possibly we should try again. At the time this report is going to press, the Select Board has not taken a position on this article. We normally do not take positions on articles that are advisory to the Select Board. We have not yet taken a position on the action that this article would require.

The final Community Services Budget recommended by the Select Board, by a 4-0-1 vote is \$1,811,558, which again does not include employee benefits found in the Human Resources Budget, adding \$333,901. Ms. Greeney abstained due to a conflict of interest within the Human Service Agency funding portion of this budget.

DEBT SERVICE:

The Select Board voted unanimously to support the budget in the amount of \$1,797,573.

ELEMENTARY SCHOOLS:

The Select Board voted 4-1 to support the proposed budget with up to an additional \$144,000 in anticipated Chapter 70 aid from the state. The entire Board agreed that state aid exceeding this amount should be returned to the Town's reserves, although one member, concerned about a reduction in the Town's bond rating, argued that even the anticipated \$144,000 should be placed in the reserves.

REGIONAL SCHOOLS:

The Select Board supports the 4-town compromise plan which would return us to the original Regional Agreement (equal assessment per students with a five year rolling average), in place prior to the Educational Reform formulas that were adapted and supported by Town Meeting over the last several years. We appreciate the efforts of the representatives from the four towns who studied this issue and brought this recommendation to us. The Select Board recommends a budget of \$26,704,016 and an appropriation of \$11,904,067 for Amherst's proportional share of the assessment.

TRANSPORTATION ENTERPRISE FUND:

The Select Board voted 4 - 1 to recommend a budget of \$920,199 for the transportation fund.

None of this would come from taxation, and in fact the transportation fund reimburses the general fund in various ways: payments in lieu of taxes for land under parking lots, support for the town manager, police, planning, information technology, human services, human rights and finance departments, as well as supporting construction and maintenance of new facilities and amortizing the debt on the Boltwood Garage and CVS lot.

Amherst is blessed with an extensive public transportation system paid for largely by students at the University and colleges, and supplemented through state and federal grants to the PVRTA. While ridership on some of the town-supported routes was not optimal, because many people have come to rely on this service, the minor costs incurred were – on balance – worth our support. We are also aware that the costs of parking fees and permits must be balanced with the wishes of downtown businesses and the impact fees have on shoppers and are confident that these issues can and will be resolved through ongoing discussions with relevant committees.

Last year we began the process of adjusting parking meter and permit fees and fines to replace tax support for transportation services. This year we would like to continue with the next step, so that the remaining amount can be paid through fees rather than taxes.